



CITY MANAGER'S BUDGET MESSAGE

To the Honorable Mayor and Members of the City Council,

On behalf of City Staff, it is my privilege to present to the residents of the City of Burbank the adopted, balanced budget for Fiscal Year (FY) 2009-2010. The City's budget represents a series of challenges and difficult decisions in order to adequately fund the excellent level of services and programs delivered while considering the prudent use of taxpayer funds. This year was no exception. Following numerous public meetings, the City Council approved this budget, which will fund public safety, transportation, library, parks and open space, development services and capital projects, as well as many other municipal programs and services.

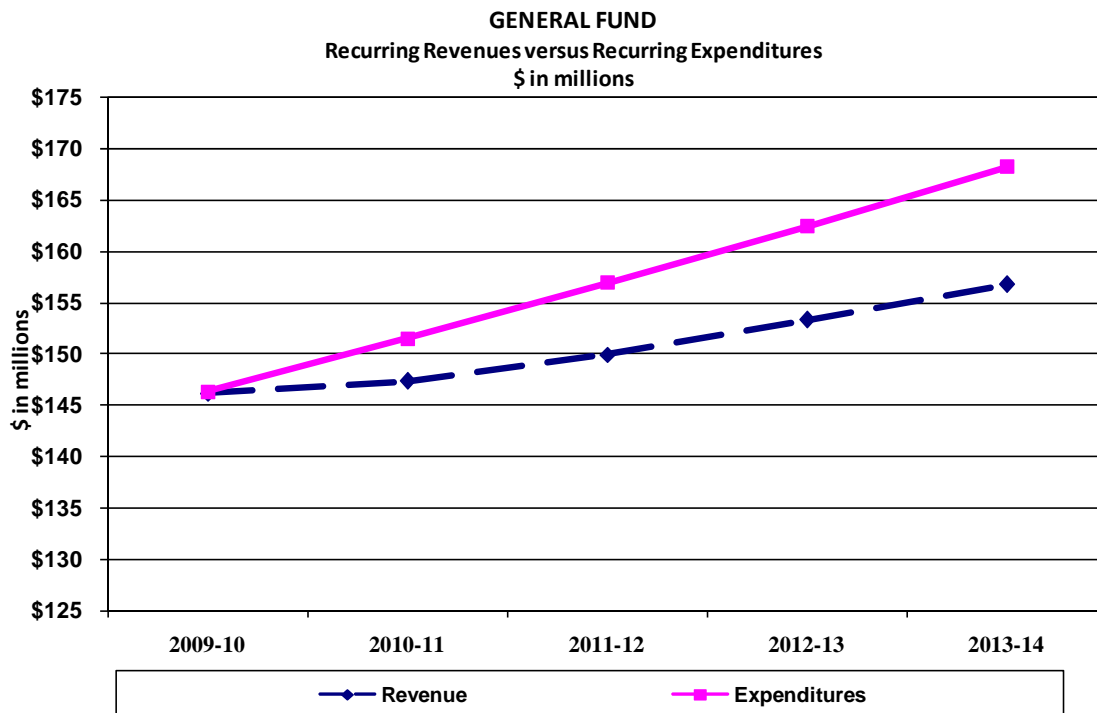
This is an extremely difficult year for cities from a fiscal perspective. Our nation is facing the most difficult economic circumstances we have seen since the Great Depression. The economic crisis has impacted virtually every sector of the economy. Unemployment in California is at the highest rate in over 25 years, and the State is facing an unparalleled fiscal crisis. Burbank has fared the recession relatively well in comparison to our neighboring cities and the Los Angeles region, but by no means are we immune from this economic crisis. A decline in growth of our major revenue sources coupled with a continued increase in expenses led to a projected recurring General Fund deficit of \$7.2 million for FY 2009-10. As a result, staff established parameters for the FY 2009-10 Budget which would address this deficit and enable the development of a balanced budget for the upcoming year. During the last several months, staff has worked to produce a FY 2009-10 Budget which closes the budget gap while creating as minimal an impact as possible to City services.

The FY 2009-10 budget totals \$758.2 million for all funds with the General Fund appropriations totaling just under \$146.7 million. The following chart illustrates the source of funds and appropriations for each fund or fund type for the FY 2009-10 Budget:

FUND/FUND GROUP	ESTIMATED RESOURCES	ADOPTED APPROPRIATIONS
General Fund	\$ 146,678,385	\$ 146,678,385
Special Revenue Funds (incl. Cap. Projects Fund)	35,468,093	28,311,259
Internal Services Funds	34,569,184	33,752,832
Water Reclamation & Sewer	17,874,799	17,874,799
Golf Fund	2,730,451	2,730,451
Water and Electric (BWP)	420,856,130	420,856,130
Refuse Collection and Disposal	15,334,299	14,423,406
Redevelopment Agency	84,927,170	77,389,519
Public Financing Authority	6,530,343	6,530,343
Housing Authority	8,839,589	8,839,589
Parking Authority	766,822	766,822
TOTAL ALL FUNDS	\$ 774,575,265	\$ 758,153,535

BUDGET DEVELOPMENT PROCESS

At the beginning of this year's budget process, staff initially projected a recurring General Fund budget deficit of \$7.2 million beginning in FY 2009-10 and expanding out into future years. Over the next five years, revenues are only expected to increase an average of 1.7 percent annually, with costs increasing an average of 3.3 percent, indicating a long-term structural deficit. Even after balancing the FY 2009-10 Budget, the budget gap in year 5 (FY 2013-14) is now projected to be \$11.5 million.



As a result of the projected deficit for FY 2009-10, the General Fund budget parameters for this year included reductions of five percent of discretionary expenditures in order to balance the General Fund budget. The City's Executive Team reviewed proposed budget reductions and requests during the month of March and, at that point, decided on proposed changes to the budget. These recommendations were presented to the City Council and the public during three budget study sessions held in May, and the public budget hearing on June 2. Ultimately, the City Council adopted a budget that included General Fund reductions ranging from zero to eight percent per department.

Other budget parameters set forth by the City Manager's Office included the following:

New Positions/Upgrades:

No new positions or upgrades were accepted unless revenue offset, State or federally mandated or required to prevent serious detrimental impacts on City operations or public safety. There are no new positions recommended for the Proposed FY 2009-10 Budget.

Materials, Supplies & Services (MS&S):

There were no allowable increases in M S & S for FY 2009-10. Any exceptions must be beyond the Departments' control. A total of \$33,000 in M S & S increases was adopted by the City Council, all of which is recurring. This will fund the on-going utility costs at the newly opened Ovrom Park.

Additionally, as part of the budget process, departments reviewed their proposed professional services agreements to ensure that opportunities to utilize city employees to accomplish the work and to save funds are considered and seized where appropriate.

Capital Outlay:

No new requests for capital outlay were allowed unless approved by the Executive Team. The Adopted Budget includes \$95,000 in non-recurring capital outlay expenditures for FY 2009-10. These funds will be used to replace the security system for the Police Department.

New Programs:

No new programs were requested or recommended for the upcoming fiscal year.

GENERAL FUND REVENUE

General Fund revenues are estimated at approximately 146.7 million for FY 2009-10, a 1.7 percent increase over revised FY 2008-09 revenues. Based on trend analysis of the prior year's actual receipts, several revenue categories are expected to decline or remain stagnant, offsetting much of the growth in other categories. The most notable declines are in sales tax, transient parking tax (TPT), building permit fees and interest revenue. Meanwhile, areas such as utility users tax (UUT) and in lieu tax remain strong due to rising utility rates. Below is a description of some of the more notable changes in revenue for FY 2009-10:

Sales Tax – Sales tax revenues coupled with the triple flip in-lieu are the City's largest revenue source. Due to current economic conditions, sales tax is forecast to decline for the first time since FY 2001-02. Numerous factors caused this decline including a weak economy, tight credit market, declining home values, and rising unemployment. Sales tax is expected to decrease (6.75%) for FY 2009-10.

Property Taxes – The City's Property Tax revenue is projected to increase by 2% over FY 2008-09. Home sales prices have dropped reflecting the softening real estate market. However, Burbank still has a large number of pre-Prop 13 base value properties as well as numerous homes that have not changed title in over five years, creating a buffer between current market value and assessed value as determined by the Los Angeles County Assessor. Thus, even in this difficult real estate market, property tax revenues remain somewhat preserved for next year.

Utility Users Tax (UUT) – The UUT rate of 7% is applied to telephone, gas and electric usage. Overall, FY 2009-10 UUT revenue is estimated to increase 6% due to increases in electric and natural gas retail sales as well as continued increases in wireless communication.

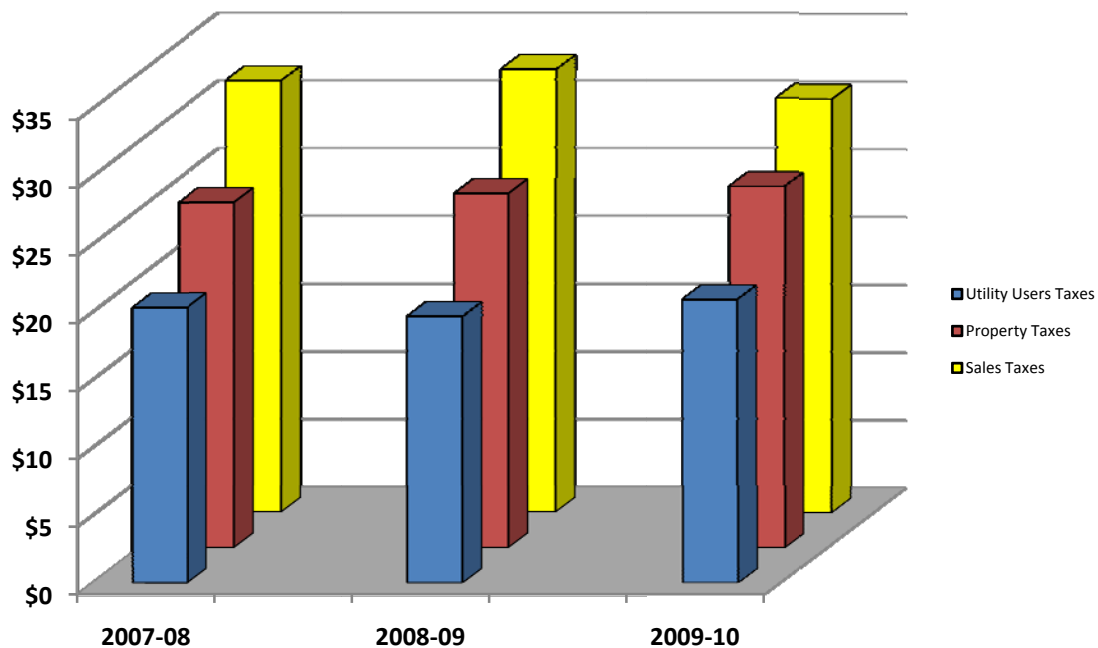
Burbank Water & Power (BWP) In Lieu Taxes - Instead of paying a franchise tax, the utility pays an in-lieu of tax on electric and water sales. As a result of an approved water rate increase and an electric rate increases that will become effective in January 2010, this revenue category is expected to increase by 5% over the prior year.

Transient Occupancy Tax (TOT) - Despite lower airport passenger counts and uncertainty over future occupancy rates, no change is forecast for TOT in FY 2009-10. This is primarily due to the opening of the Residence Inn and recently completed renovations at the Airport Marriott.

Transient Parking Tax (TPT) - More than 90% of TPT is derived from lots serving the

Bob Hope Airport. After a period of strong growth, airport passenger loads plummeted during calendar year 2008 and that trend has continued into 2009. Because of the lower passenger counts, TPT is expected to decrease an additional 5% in FY 2009-10 from the current forecast.

The following chart highlights the top three revenue sources for General Fund dollars: Sales Tax, Property Tax and Utility Users Tax.



In addition to the recurring revenue noted above, the City has used available, non-recurring resources such as end of year budget savings to fund one-time expenditures and \$180,680 to balance the recurring expenditures in the City's budget. This year, approximately \$565,000 of these undesignated funds was used for General Fund purposes. Additional use of reserves was also approved for use in the City's General Capital Projects Fund (Fund 370) for various infrastructure projects.

GENERAL FUND APPROPRIATIONS

This year's adopted City of Burbank recurring appropriations amount is \$146.3 million. General Fund appropriations are mainly driven by labor costs. In fact, approximately 80.1% of this year's General Fund budget is related to negotiated salaries and benefits.

Memorandum of Understanding (MOU) Projected Costs:

The projected composite growth in miscellaneous employees' salaries and benefits in staff's current estimate is based on multi-year agreements that have been reached, as well as projections for future agreements. The multi-year agreements are very helpful in more accurately predicting labor costs for FY 2009-10 and beyond. The City entered into new memoranda of understanding (MOU) either the Burbank City Employees Association (BCEA) and the Burbank Managers Association (BMA) during FY 2008-09. The MOU for the Burbank Police Officers Association (BPOA) and the Burbank Fire

Fighters (BFF) are currently up for negotiation and have not been established for FY 2009-10 as of the date of this publication. Recognizing the unstable economic circumstances heading into next year, the City's Executives and Unrepresented Manager groups both volunteered to accept a freeze in salary range for FY 2009-10.

Public Employees Retirement System (PERS) Costs:

The City continues to benefit from the CalPERS employer rate stabilization policy, which relaxes the assumptions of how assets are valued actuarially. The plan has resulted in moderate fluctuation of rates rather than the radical shifts in rates as before. Below are the PERS rates for the three employee classifications for the previous year (FY 2008-09), current year (FY 2009-10) and the next fiscal year (FY 2010-11). Due to the ramp up for the miscellaneous employee's retirement enhancement, our miscellaneous employee PERS rate has remained relatively unchanged. Recent fluctuations in the investment markets have not yet been factored into our PERS rates. The rates for FY 2010-11 will be based upon the City's retirement account valuation as of June 30, 2008, so we do not expect any significant changes in these rates prior to FY 2011-12, as these rates will be based upon the valuation as of June 30, 2009. Since the return on PERS investments for the fiscal year ending June 30, 2009 were -23.4%, the City can expect to see an increase in rates of between 2% - 5% of payroll.

	Actual FY <u>2008-09</u>	Actual FY <u>2009-10</u>	Projected <u>FY 2010-11</u>
Police 3% @ 50	20.956%	21.520%	21.2%
Fire 3% @ 55	13.559%	13.947%	13.7%
Miscellaneous 2% @ 55	11.528%	11.087%	10.9%

INTERNAL SERVICE FUNDS (ISF)

As part of an effort to identify ways to reduce overall General Fund costs for FY 2009-10, the internal service funds were highly scrutinized during the budget development process. Life cycles and replacement costs were reviewed for all types of City equipment, such as vehicles and computers, to see where savings could be achieved. In addition, cash flows for each of the funds were examined to identify areas where fund balance could be used to help offset rate increases. In some cases, such as the General Liability and Workers Compensation Funds (530-531), moderate increases were unavoidable due to the increasing costs of purchasing insurance policies and overall increases to salaries which impact rates. The remaining funds, however, were able to achieve significant savings.

The Vehicle Equipment Replacement (Fund 532) provided the most significant General Fund savings, with a decrease of over \$1 million. This is primarily due to a reduction in maintenance costs as a result of a significant drop in fuel prices from the prior year. Several equipment replacement purchases were delayed one to two years, resulting in some savings in capital expenditures as well. Office Equipment Replacement (Fund 533) rates decreased by \$95,000 due to a reduction in inventory maintained by the fund and deferred replacement of equipment. Communications Equipment Replacement (Fund 535) costs to the General Fund decreased over \$52,000, as a result of a revamped rate structure as well as an overall budget reduction in this fund provided by the Burbank Water and Power Department. Lastly, despite increased costs related to the maintenance of the Oracle Financial System, the Computer Equipment Replacement (Fund 537) offset this expense by extending the life cycles of several types of computer equipment, for a minimal overall net increase.

SPECIAL REVENUE FUNDS

As part of the continued effort to maintain and improve its infrastructure as well as continue a range of programs, the City has several Special Revenue Funds which are administered by various departments. These funds receive dedicated revenues that can only be used for specific purposes, such as grant revenue for Community Development Block Grant (CDBG) or Housing.

The following highlights some of the special revenue funds which have new appropriations for FY 2009-10.

Fund 122 (Community Development Block Grant):

Community Development Block Grant (CDBG) monies go to fund both public service projects as well as capital projects designed to benefit persons of low to moderate income. For FY 2009-10, there is Public Service Funding totaling \$204,697 for local non-profit groups including the Salvation Army Assistance for Homeless/Emergency Services, Burbank Family Service Agency, Burbank Temporary Aid Center Assistance for Needy and Homeless, B.U.S.D. Summer Youth Employment, YMCA Childcare Program, Boys and Girls Club, Burbank Center for the Retarded Disabled Programs for Adults and Children, Library Department Literacy Program, Fair Housing Council, Burbank Noon Lions Ear/Eye Care Programs, and Kids Community Dental Clinic Dental Services. In addition, there is Capital Project funding totaling \$802,520 that will assist in funding code enforcement and various public works projects.

Fund 125 (Gas Tax Fund):

The City of Burbank's \$475,000 allocation of Proposition 42 funds has been appropriated for the purpose of resurfacing/reconstructing streets, alleys and sidewalks throughout the City.

Fund 127 (Public Improvements Fund):

This program funds public improvements through the receipt of Development Impact Fees. For FY 2009-10, the City Council allocated \$200,000 for the San Fernando Bikeway and \$150,000 for Railroad Grade Crossing Pre-Signals, both of which will be partially reimbursed by grants. Other allocations include additional funding of \$100,000 for the San Fernando Connector/Empire Interchange Project, as well as the appropriation of a \$360,360 "Safe Routes to School" grant.

Fund 128 (HUD Home Program):

A total of \$870,435 was appropriated in this year's HOME fund for Focus Neighborhoods to improve substandard housing in the City.

Fund 129 (Street Lighting):

This Fund provides for citywide street lighting maintenance through the use of 1¼% electric Utility Users Tax revenues. Approximately \$2.6 million was appropriated this year for street light improvements and maintenance.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The City of Burbank currently has five Enterprise Funds: Electric, Water, Golf, Water Reclamation & Sewer, and Refuse. Each fund must ensure that its revenues cover operating expenses, including depreciation, of providing goods and services to users/customers. Revenues may be comprised of service charges/fees/sales, interest and other income. The Water, Water Reclamation &

Sewer, and Refuse funds all required increases for FY 2008-09, due to increases in costs. In the cases of the sewer and refuse funds, these increases are in accordance with multi-year rate plans approved by the City Council in prior years.

Water Reclamation and Sewer Fund: The Public Works Department administers this Fund and its main objective is to operate and maintain the City's Water Reclamation Plant and Industrial Waste Monitoring in compliance with federal, state and local regulations. The Water Reclamation & Sewer Fund's proposed budget reflects an overall sewer rate increase of 5 percent. The cost of sewage treatment and disposal has risen due to new regulatory requirements, which affects Burbank through discharge costs to the City of Los Angeles. This places the City in the fourth year of a five-year rate smoothing plan to increase rates 6%, 6%, 6%, 5%, 5% over the five years of the plan.

Refuse Collection and Disposal Fund: This Fund is also administered by the Public Works Department. This Fund consists of three programs: Refuse Collection, Refuse Disposal and Recycling. One of the main goals of the Fund is to maintain refuse collection, disposal and recycling fees at a level sufficient to fund operating costs and future capital improvements, while continuing to keep the rates as low as possible to customers. The City Council authorized an 8 percent rate increase for FY 2009-10. During the FY 2007-08 budget deliberations the City Council approved a five year rate smoothing plan to increase refuse rates 8 percent per year to ensure the continued economic viability of the City's refuse collection, disposal and recycling operations. The increase is needed to meet rising operational costs in order to continue providing comprehensive refuse services that include household trash disposal, green waste recycling, recyclable collection and processing, and unlimited bulky item pick-up.

Golf Fund: This Fund, administered by the Park, Recreation and Community Services Department, provides sufficient funding to maintain and operate an 18-hole course, a 9-hole par 3 course, a driving range, and a clubhouse. Construction of the new DeBell Golf Clubhouse facility was completed in FY 2008-09 and opened to the public on January 5, 2009.

Electric Fund: Burbank Water and Power (BWP) administers this fund. Electric and Power Supply highlights include: expansion of renewable energy use and acquisition of renewable energy projects and resources thru collaborative efforts with Southern California Public Power Authority (SCPPA); an electric rate increase primarily driven by increased use of renewables; continuation of a current and long-term gas procurement strategy to secure a stable supply of natural gas and hedge against volatile prices; and development of a utility Smart Grid to improve outage management, reduce line losses, and expand new customer programs such as time of use rates.

The BWP Electric Fund's FY 2009-10 Budget has a total of \$354.3 million in overall appropriations, leaving an operating income of \$4.1 million. The FY 2009-10 CIP budget for the Electric Fund is approximately \$20.9 million.

Water Fund: BWP also administers this fund. The highlights of the Water Fund for FY 2009-10 include: Metropolitan Water District (MWD) rate increases and potential MWD water availability restrictions, and continuing the build-out of the Recycled Water System. The City Council approved a 15 percent increase for FY 2009-10 which represents an increase of approximately \$6.47 to the average residential customer. The

increase is necessary because of water supply issues and water cost escalation beyond the City's control.

The Water Budget includes total appropriations of \$39.8 million, leaving an operating income of \$1.5 million. The Water Fund CIP Budget for FY 2009-10 totals \$13.8 million.

REDEVELOPMENT AGENCY

The Redevelopment Agency continues its principal aim at rehabilitating and revitalizing blighted and deteriorated areas via various methods of Redevelopment Agency participation. Removal of blight, creation and retention of jobs, infrastructure improvements, and preservation of affordable housing remain the four primary areas of focus for the Agency.

Burbank Merged and Amended Redevelopment Project Area:

This Project Area incorporates the Golden State Project Area, City Centre Project Area, and South San Fernando Project Area. During the FY 09-10, the Agency will focus its efforts to preserve, enhance, and expand the economic base of the community. Goals and programs have been established within the city-wide Economic Development Strategy, which includes items such as the Business Assistance Program and the city-wide marketing campaign called "Shop Burbank" program. In addition, the Agency will continue its revitalization efforts within Downtown Burbank by partnering with the Downtown Property-Based Business Improvement District. With the completion of the Collection, a mixed-use residential and retail project, an additional 276 public parking spaces were added to Downtown launching the Smart Signage Program within all of the public parking structures, which is scheduled to commence construction in late 2009.

West Olive Redevelopment Project Area:

Within the West Olive Redevelopment Project Area, the Media District Specific Plan has established the framework for development and infrastructure improvements. The focus of this Redevelopment Project Area has been to help implement transportation improvements such as the State Route 134 Hollywood Way Ramp Project, Olive Avenue street improvements, and is currently working on plans to renovate the Johnny Carson Park.

Low and Moderate Income Housing:

The Low and Moderate Income Housing Fund provides funding for the Agency's Affordable Housing Program. The Program implements the activities recommended by the Blue Ribbon Task Force on Affordable Housing, such as the continuation of the Residential Rehabilitation Program; land assemblage for mixed-use and in-fill development; and working to identify strategically located distressed residential properties for acquisition and rehabilitation.

HOUSING AUTHORITY

The City's Housing Authority is funded by the United States Department of Housing and Urban Development (HUD), and the use of funds is pursuant to federal government regulations. The Housing Authority will continue to concentrate on expanding housing opportunities for very low-income housing families, avoiding concentrations of assisted housing, and using existing housing stock as affordable housing. This year, over \$7.5 million has been budgeted for housing assistance payments.

PARKING AUTHORITY

The Parking Authority Capital Projects Fund provides for the acquisition, construction, maintenance, and operation of all City-owned or operated public parking facilities within the City of Burbank. Revenue sources include monthly parking permit fees, lease fees, the Downtown Public Facility Maintenance District levy, and various public-private parking agreements within the downtown area. The opening of The Collection public parking facilities in FY 2008-09 allowed for improved traffic flow in the Orange Grove structure. In addition, the City exercised its option to purchase the Courthouse parcel in February 2009, eliminating the cost of the annual lease payment for this facility.

STATE BUDGET IMPLICATIONS FOR FY 2009-10 BUDGET

Even after passage of the State budget in February, the State of California began FY 2009-10 with an estimated \$26.3 billion shortfall, due to underperforming revenues as well as the failure of Propositions 1A and 1C at the May 19 election. A revised State Budget was adopted by the Legislature on Friday, July 24, 2009, and signed by the Governor the following Tuesday, July 28. Unlike the previous versions of the FY 2009-10 State Budget, the recent revision places a heavy financial burden on local cities, at a time when many municipalities can ill afford such an action.

Included in the budget is the "borrowing" of approximately \$1.9 billion in property taxes from local governments, which amounts to eight percent of the property taxes received per local agency. The impact to Burbank's General Fund is estimated at \$3.2 million. Under Proposition 1A of 2004, the State is required to repay the property tax money with interest within three years. City staff will be putting together options for the City Council to consider on how to address this impact. Additionally the State authorized a total of \$2.05 billion to be taken from redevelopment agencies through a seizure of \$1.7 billion in FY 2009-10, and then an additional \$350 million in FY 2010-11. The California Redevelopment Association (CRA) estimates that the Burbank Redevelopment Agency will be responsible for a SERAF payment of over \$16.1 million for FY 2009-10, and another \$3.3 million in FY 2010-11. In exchange for the taking of these funds, redevelopment agencies will be permitted to extend the lives of their project areas by one year. Fortunately the revised State budget did not eliminate Highway Users Tax Account (HUTA) payments to local cities and counties, as initially proposed. This revenue stream produces about \$140,000 to \$160,000 per month for the Gas Tax Fund, and funds approximately \$1.9 million worth of City salaries and benefits per year.

The California economy remains an unstable environment and will continue to do so over the next two years as the Country works to pull itself out of the recession. Unemployment, along with the struggling housing and credit markets will continue to have a negative impact on the State Budget in FY 2009-10 and beyond, putting future City revenues at risk. City staff will continue to monitor the activity related to the State Budget, particularly as economic conditions continue to fluctuate in California and around the nation.

CAPITAL IMPROVEMENT PROJECTS

Although the CIP budget document is developed in conjunction with the operating budget, it is submitted separately in order to provide more detailed information for each of the 261 capital projects taking place within the City of Burbank. The document itself is a cooperative effort between Budget staff and other City staff responsible for their respective projects. Major capital improvements can often be complex projects requiring several years of strategic planning, design, funding, and ultimately, construction. The CIP is a five-year program designed to tie the planning of capital improvements to realistic, reliable funding sources to ensure that both planning and implementation of such projects are responsive to available resources. This document includes general Capital Improvement Program information and overview; summaries of projects by

category, fund, and total; and funding sources by project category. In addition, it provides an information sheet for each capital project listed within each program category.

Of the City's total budget for FY 2009-10, almost ten percent is appropriated for Capital Improvements. The multi-year Capital Improvement Program totals \$408.6 million, including FY 2009-10 appropriations of \$75.2 million and prior years' appropriations of \$216.3 million.

CITYWIDE DEVELOPMENT HIGHLIGHTS

As always, there are numerous City projects and activities occurring throughout the year. The following highlights a few of the more significant projects that have been completed or are underway throughout the City.

The City of Burbank witnessed the grand opening of two significant recreation facilities in FY 2008-09. The new Clubhouse at DeBell Golf Course opened in January 2008, complete with a new pro shop, bar & grille, a community room with a 40 seat theater style capacity, and plenty of new office and storage space. In the South San Fernando Area, construction was completed in May 2009 on the Robert R. "Bud" Ovrom Park and Community Center, named for the City's former and long-time City Manager. The park features a 7,025 square foot building with programmed recreational activities, two children's play areas, two picnic or barbeque areas, an outdoor basketball court, and open area for passive use and play. The park serves an area of the City that had been under served by recreation facilities.

In the downtown area, construction of "The Collection" was completed in FY 2008-09. This \$80 million multi-use development added 188 residential units, 40,000 square feet of retail and restaurant space, and 700 parking spaces to Downtown Burbank.

Affordable housing remains a key component of the City's development plan, and is an especially important area of focus during these tough economic times. The Burbank Housing Corporation recently announced the completion of the Peyton-Grismer revitalization development, a 70-unit multi-family affordable housing community located on Grismer Avenue and Elliot Drive. The Housing Corporation also recently commenced construction on two properties within the Verdugo Lake and Golden State neighborhoods that will add another 38 affordable housing units to the City's inventory.

Infrastructure Investment Plan

The Infrastructure Subcommittee, which included two of the five City Council members as well as key staff from several departments, met regularly during FY 2008-09 and provided direction for infrastructure prioritization. The subcommittee approved the FY 2009-10 infrastructure plan prior to its being reviewed by the City Council.

An overview of the developed infrastructure plan along with funding recommendations was provided to the City Council as part of the budget study sessions. In addition to those projects that were already identified in the proposed capital improvement plan, the Council agreed to fund some additional infrastructure projects for FY 2009-10. This included appropriations for repairs at the Police/Fire Headquarters, irrigation improvements at Brace Park, seismic retrofit projects and HVAC repairs at various City facilities, supplemental sidewalk funding, park improvements and street, alley and concrete improvements. Investment in the City's infrastructure continues to be a high priority. Along with this priority is the City's continued effort to invest in capital projects

that result in reduced operations and maintenance costs, that leverage projects with non-general funds and/or non-City funds, and to utilize the most restrictive funds prior to less restrictive funds on projects, where feasible.

CITY COUNCIL GOAL SETTING – STRATEGIC PLANNING

On May 7, 2009, the City Council conducted its annual goal setting session to prioritize their top community issues for the upcoming year. The following lists the top five issues identified by the Council for the upcoming year.

- Sustainability
- Traffic, Transportation & Parking
- Economic Development
- Infrastructure
- Financial Stability & Budget Efficiency

These goals become central to the efforts of City staff in all activities of the City. Staff's efforts to carry out Council policy are daily, general efforts. In addition, there are specific efforts to address these goals in various ways. A Sustainability Task Force has been created to focus on various initiatives to minimize waste stream, enhance reuse and recycled materials, minimize use of products that are more harmful to the environment, and promote alternatives to single passenger commutes to work. Traffic, transportation and parking received additional funding this year from the City as well as economic stimulus funding with the intent to positively impact these areas. The Redevelopment Agency continues to develop and support economic development programs which improve local neighborhoods and business, create jobs and promote continued revitalization in the Downtown Burbank. The Infrastructure Committee continues to take an active role in developing a long term plan for the maintenance and upkeep of the City's current facilities, as well as work to identify sources of funding for future projects such as a new Central Library and updated aquatics facilities. Lastly, financial stability and budget efficiency continues to be a top priority of City staff as we continue to look for ways to address our structural deficit while having minimal impact on City services. As part of this effort, the Council allocated one-time funds in the FY 2009-10 Budget for a revenue optimization study, which will be useful in identifying untapped sources of revenue and targeting existing revenues where the potential for growth exists.

This budget reflects initial appropriations to address these issues. In addition, Staff will be working over the next year to take other appropriate action(s) to address each of these issues. These major issues help drive the City's annual Work Program which is published as a separate document each fiscal year. The FY 2009-10 Work Program includes over 300 goals and objectives, including several capital improvement projects. The elements of the Work Plan are above and beyond the core services to the community that the City provides and part of our continuous improvement efforts. The Work Program is available for review on the City's website. Included with the Annual Work Program and the Budget Document are the departmental Performance Measures. Performance Measures are used by the City to assess how efficiently and effectively programs and activities are provided and determine whether organizational goals are being met. In keeping with the practice of recent years, the Adopted FY 2009-10 Budget closely links the operating and capital expenditure plans with the priorities established by the City Council.

FY 2009-10 BUDGET PROTECTS SERVICES AND PROMOTES FISCAL RESPONSIBILITY

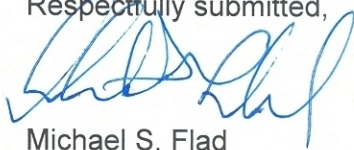
I would like to thank all of those responsible for the successful completion of this year's budget. The adopted budget represents a tremendous amount of work by Department Managers and key members of their staff. A special thanks goes to the Financial Services Department Budget Team, who spent countless hours organizing the work to be done and pulling everything together into a single working document. Lastly, I would also like to thank the City Council for their leadership as policymakers throughout the budget process, and for making difficult, yet responsible decisions that will guide this City through uncertain times. I am proud and confident that this year's FY 2009-10 Budget meets the needs of the Burbank community.

City staff is mindful of the long-term budget challenges facing Burbank as the current recession retains its grip on the national economy, and continues to explore options to reduce costs, improve efficiencies, create partnerships and enhance revenues, in order to assist in the balancing of future fiscal year's budgets. In *The Necessary Revolution*, Peter Senge writes "The more daunting the change necessary, the more sophisticated the collaboration skills must be of those leading the change." Burbank's leaders are prepared to work together with our neighbor cities, non-profits, businesses and each other to face our economic challenges head on and emerge as a more efficient and inclusive organization.

Fortunately for Burbank, we are still in much better financial condition than our neighboring cities both in Los Angeles County and throughout the State. This is largely due to our historically conservative approach to fiscal matters and the solid financial policies adopted by the Council. We have a diverse revenue base, and we continue to make strong efforts in economic development which will help keep our budget healthy into the future, and allow us to continue to provide quality municipal programs and services to our residents.

We will continue to be diligent in carrying out the City Council's objectives through this budget and to review City finances in order to assist the Council in making decisions that will ensure the fiscal viability of the City. In the meantime, I look forward to working with you on implementing all the goals set forth in this budget.

Respectfully submitted,



Michael S. Flad
City Manager